

**ACER Decision No 10/2018 on Core CCR fallback procedures: Annex I**

## **Core CCR fallback procedures**

**in accordance with Article 44 of the Commission  
Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline  
on capacity allocation and congestion management**

**27 September 2018**

### Whereas

- (1) Based on Article 44 of the Commission Regulation (EU) 2015/1222 establishing a guideline on capacity allocation and congestion management (hereafter “CACM Regulation”) each TSO, in coordination with all the other TSOs in the capacity calculation region (hereafter “CCR”), shall develop a fallback procedures proposal. Transmission system operators of the capacity calculation region Core (hereafter referred to as “Core TSOs”) as defined by ACER’ decision 06/2016<sup>1</sup> decided to develop procedures that are as much as possible harmonised across the Core CCR bidding zone borders. The Core CCR fallback procedures are developed for the implementation of robust and timely fallback procedures to ensure efficient, transparent and non-discriminatory capacity allocation in the event that the single day-ahead coupling process is unable to deliver results.
- (2) According to Article 50 of the CACM Regulation, a fallback procedure defines an operational solution in the event that the respective nominated electricity market operators (hereinafter “NEMOs”) performing market coupling operator (hereafter referred to as “MCO”) functions are unable to deliver part or all of the results of the price coupling algorithm by the time specified in Article 37(1)(a) of the CACM Regulation.
- (3) As the single day-ahead coupling, including its eventual implementation path across the Core CCR, as well as the start of application of a MCO function on a Core CCR bidding zone border, is not fully developed yet, this document (hereafter “Core CCR fallback procedures”) only applies to those bidding zone borders participating in the single day-ahead coupling. However, since some bidding zone borders (i.e. Czech Republic-Slovakia, Slovakia-Hungary, Hungary-Romania) currently apply a market coupling within the four markets market coupling (hereafter “4M MC”) project which apply different timings, procedures and rules (e.g. gate closure time), these borders are not able yet to apply the same fallback procedures as other borders in the Core CCR applying the single day-ahead coupling within the multi-regional coupling (hereafter “MRC”) project. For this reason, transitional arrangements are needed for these bidding zone borders until they are coupled with the MRC project and apply the same timings, procedures and rules.
- (4) Since harmonised cross-zonal capacity allocation rules require the establishment and operation of a single allocation platform at the level where these rules are applied, the shadow auctions triggered by these fallback procedures should be performed by the single allocation platform, which is established in accordance with Article 48 of Commission Regulation (EU) 2016/1719 establishing a guideline on forward capacity allocation (hereafter “FCA Regulation”). According to Article 9(9) of the CACM Regulation, the expected impact of fallback procedures on the objectives of the CACM Regulation has to be described. It is therefore presented for the Core CCR fallback procedures below. The presented Core CCR fallback procedures generally contribute to the achievement of the objectives of Article 3 of the CACM Regulation.
- (5) The Core CCR fallback procedures serve the objective of promoting effective competition in the generation, trading and supply of electricity (Article 3(a) of the CACM Regulation) also in situations when the respective MCO is not able to deliver the market coupling results by the time specified in Article 37(1)(a) of the CACM Regulation since same fallback procedures will apply to all market

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<sup>1</sup> ACER’ definition of the capacity calculation regions (CCRs) of 17 November 2016 (Annex I to CCR decision):  
[http://www.acer.europa.eu/Official\\_documents/Acts\\_of\\_the\\_Agency/ANNEXES\\_CCR\\_DECISION/Annex%20I.pdf](http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/ANNEXES_CCR_DECISION/Annex%20I.pdf)

participants on all respective bidding zone borders in the particular day-ahead coupling within Core CCR, thereby ensuring a level playing field amongst respective market participants.

- (6) The Core CCR fallback procedures contribute to the optimal use of transmission infrastructure and operational security (Article 3(b) and (c) of the CACM Regulation) since due to the bigger liquidity day-ahead trades will still have delivery possibility before the intraday capacity allocation starts.
- (7) The Core CCR fallback procedures contribute to ensure operational security (Article 3(c) of the CACM Regulation) since they provide the possibility to give access to cross-zonal capacity for market participants already on day-ahead timeframe as a second best solution in case of failure of implicit allocation.
- (8) The Core CCR fallback procedures serve the objective of optimising the allocation of cross-zonal capacity in accordance with Article 3(d) of the CACM Regulation in the aspect of time since they provide a possibility for market participants to get access to cross-zonal capacities before intraday timeframe.
- (9) The Core CCR fallback procedures are designed to ensure a fair and non-discriminatory treatment of TSOs, NEMOs, the Agency, regulatory authorities and market participants (Article 3(e) of the CACM Regulation) since the Core CCR fallback procedures are performed through shadow auctions which rely on transparent auction rules that are approved by the relevant national regulatory authorities after the consultation period where applicable.
- (10) Regarding the objective of transparency and reliability of information (Article 3(f) of the CACM Regulation), the Core CCR fallback procedures determine the main principles and main processes for the event when MCO is not able to produce the market coupling results by the time specified in Article 37(1)(a) of the CACM Regulation. The Core CCR fallback procedures enable TSOs to provide market participants with the same reliable information on cross-zonal capacities and allocation constraints for fallback day-ahead allocation in a transparent way and at the same time.
- (11) The Core CCR fallback procedures also contribute to the objective of respecting the need for a fair and orderly market and price formation (Article 3(h) of the CACM Regulation) by reducing the uncertainty on the cross-zonal capacity to be released in the market when unexpected technical issue is detected in one of the MCO processes. The Core CCR fallback procedures are performed through shadow auctions which rely on a mechanism described in public auction rules. The algorithm used by shadow auctions calculates moreover a marginal price for the offered capacity according to the bid prices of the market participants and is thus market based.
- (12) When preparing the Core CCR fallback procedures, TSOs took careful consideration of the objective of creating a level playing field for NEMOs (Article 3(i) of the CACM Regulation) since all NEMOs and all their market participants will have the same rules and non-discriminatory treatment (including timings, data exchanges, results formats etc.) in the particular day-ahead coupling within the Core CCR.
- (13) Finally, the Core CCR fallback procedures contribute to the objective of providing non-discriminatory access to cross-zonal capacity (Article 3(j) of the CACM Regulation) by ensuring a transparent and non-discriminatory approach towards facilitating cross-zonal capacity allocation in the event that the particular day-ahead coupling process within the Core CCR is unable to produce results. This ensures the level playing field for market participants throughout the concerned bidding zone borders with a clear and harmonised framework for fallback day-ahead capacity allocation.

## Article 1

### Subject matter and scope

1. As required by Article 44 of the CACM Regulation, each Core TSO, in coordination with all other Core TSOs, shall develop a proposal for robust and timely fallback procedures to ensure efficient, transparent and non-discriminatory capacity allocation in the event that the single day-ahead coupling process is unable to produce results within the Core CCR.
2. This document establishes the fallback procedures for all bidding zone borders assigned to the Core CCR subject to the implementation plan defined in Article 5(2).

## Article 2

### Definitions and interpretation

1. For the purpose of the Core CCR fallback procedures, the terms used in this document shall have the meaning of the definitions included in Article 2 of the CACM Regulation, Regulation (EC) 714/2009, in Directive 2009/72/EC and in Commission Regulation (EU) 543/2013. In addition, the following definitions shall apply:
  - a) **Shadow auction** means the explicit auction run by allocation platform(s) by which daily cross-zonal capacity is offered as fallback procedure for the single day-ahead coupling and allocated to market participants who submit bid(s);
  - b) **Allocation platform** means either the responsible TSO(s) at the respective bidding zone border(s) or an entity appointed and commissioned by them or nominated in accordance to national regulations to act on their behalf and on its own name for the attribution of cross-zonal capacity through the shadow auctions;
  - c) **Allocation platform operator** means the respective entity through which the respective Core TSOs organise the attribution of cross-zonal capacity through shadow auctions on Core CCR bidding zone borders. The respective allocation platform operator will act on behalf of the respective serviced Core TSOs for this purpose;
  - d) **Shadow allocation rules** means the rules for the fallback procedure for the allocation of cross-zonal capacity in the day-ahead market timeframe applied by the allocation platform;
  - e) **Decoupling** describes the event that the single day-ahead coupling process is unable to produce results on one or multiple bidding zone borders.
2. In the Core CCR fallback procedures, unless the context requires otherwise:
  - a) the singular indicates the plural and vice versa;
  - b) the headings are inserted for convenience only and do not affect the interpretation of the Core CCR fallback procedures; and
  - c) any reference to legislation, regulations, directive, order, instrument, code or any other enactment shall include any modification, extension or re-enactment of it then in force.

### **Article 3**

#### **Application of these fallback procedures**

These fallback procedures shall apply to all bidding zone borders within the Core CCR that are participating in the single day-ahead coupling. The allocation platform shall publish those bidding zone borders in a list on its website and keep it up-to-date with regard to new bidding zone borders within the Core CCR joining the single day-ahead coupling.

### **Article 4**

#### **Fallback Procedures for bidding zone borders of the Core CCR**

1. All NEMOs performing MCO functions for the bidding zone borders of the Core CCR shall immediately inform the concerned Core TSOs via communication channels agreed between the respective NEMOs and Core TSOs in the event of risk that results for at least one bidding zone concerned within the Core CCR cannot be delivered within the deadline in accordance with Article 50(2) of the CACM Regulation.
2. In the event that the single day-ahead coupling process is unable to produce results for at least one bidding zone concerned within the Core CCR, fallback procedures in the form of shadow auctions shall be performed by the respective allocation platform operator to allocate cross-zonal capacities on the concerned bidding zone border via the allocation platform. The shadow auctions shall use bilateral available transfer capacities to be provided by the respective Core TSOs on a daily basis for this purpose, that are also in line with the methodology pursuant to Article 20 of the CACM Regulation.
3. Shadow auctions are applied based on the shadow allocation rules annexed to these Core CCR fallback procedures and shall take place on the single allocation platform established in accordance with Article 48 of FCA Regulation.
4. If shadow auctions are triggered, the relevant NEMOs shall reopen their order books for the bidding zones concerned.
5. The respective allocation platform operator shall publish on the allocation platform's website the shadow auction results as soon as the day-ahead decoupling is finally declared by the MCOs, but no later than at 13:50 CET on the day preceding delivery.
6. If the respective allocation platform operator is unable to produce results from shadow auctions for a concerned bidding zone border, the cross-border capacities to be allocated in the day-ahead market timeframe shall be set to zero and the available capacities shall be released for the intraday market timeframe. If there is no intraday allocation on a bidding zone border, cross border capacities are lapsed for the respective delivery date.

## **Article 5**

### **Publication and implementation of the fallback procedures**

1. The Core TSOs shall publish the Core CCR fallback procedures without undue delay after the decision has been taken by the Agency for the Cooperation of Energy Regulators in accordance with Article 9(12) of the CACM Regulation.
2. These fallback procedures shall be implemented and operational as of their approval by the Agency for the Cooperation of Energy Regulators. The annexed shadow allocation rules shall be applied as of 1 January 2019.
3. The annexed shadow allocation rules shall be published on the concerned Core TSOs' websites and on the website of the allocation platform operator. In case of amendments, these shadow allocation rules and subsequently the updated Core CCR fallback procedures shall be subject to relevant NRAs approval.
4. The Core TSOs shall amend and submit for approval the Core CCR fallback procedures in due time ahead of the implementation of the day-ahead market coupling operator function, in accordance with Article 7(3) of the CACM Regulation, on a concerned bidding zone border.

## **Article 6**

### **Transitional arrangements**

The bidding zone borders between Czech Republic and Slovakia, Slovakia and Hungary and Hungary and Romania, which participate in the 4M MC project, shall apply these fallback procedures, including the annexed shadow allocation rules, from the date when these borders are coupled with the MRC project and apply the same timings, procedures and rules. Until this date, the TSOs of the concerned bidding zone borders shall apply transitional fallback procedures applicable for these bidding zone borders and equivalent to the maximum possible degree with the shadow allocation rules annexed to the Core CCR fallback procedures. The concerned TSOs shall publish their transitional fallback procedures on their website.

## **Article 7**

### **Language**

The reference language for the Core CCR fallback procedures shall be English. For the avoidance of doubt, where TSOs need to translate the Core CCR fallback procedures into their national language, in the event of inconsistencies between the English version published by TSOs in accordance with Article 9(14) of the CACM Regulation and any version in another language, the relevant TSOs shall, in accordance with national legislation, provide the relevant national regulatory authorities with an updated translation of the Core CCR fallback procedures.